

2006-2007 PERFORMANCE PLAN – PORTFOLIO MANAGER, EXTERNAL EQUITY (Hayamizu)

Quantitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|--|---|---|
| 15% | Global Equity Performance | Excess return in basis points relative to: Global Equity Performance Benchmark (GLOBLIC vs. CPERSGE2). | -50 basis points = 0 -10 basis points = 1.0 +15 basis points = 1.5 |
| 10% | Emerging Markets Equity Managers | Excess return in basis points relative to: CalPERS FTSE All Emerging Index (SWYCA vs. QQ72). | 0 basis points = 0 +60 basis points = 1.0 +120 basis points = 1.5 |
| 10% | External Active International Equity Managers | Excess return in basis points relative to: International Equity, external – Customized Benchmark created from investment-weighted regional indices. (SJNKA1 vs. QX73). | 0 basis points = 0 +60 basis points = 1.0 +120 basis points = 1.5 |
| 10% | External Enhanced Indexing International Equity Managers | Excess return in basis points relative to: International Equity, external – Customized Benchmark created from investment-weighted regional indices. (SHDKA1 vs. VYG2). | 0 basis points = 0 +30 basis points = 1.0 +60 basis points = 1.5 |
| 10% | External Enhanced Indexing Domestic Equity Managers | Excess return in basis points relative to: Aggregate Style Benchmark (SNPCA1 vs. CPERSNP2). | 0 basis points = 0 +25 basis points = 1.0 +50 basis points = 1.5 |
| 10% | External Active Domestic Equity Managers | Excess return in basis points relative to: Aggregate Style Benchmark (SWAKA1 vs. CPERSWAK). | 0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5 |
| 5% | External International Equity Index Fund | Return deviation in basis points relative to: CalPERS FTSE Developed Markets Ex vs. US Index (SW7G vs. QR32) | >-60 basis points = 0 >-40 basis points = 1.0 >-20 basis points = 1.5 |
| 70% | Subtotal | Quantitative Measures | |

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Qualitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|---|---|--------------------|
| 15% | Leadership | Demonstrate leadership within CalPERS and in the external investment community. Dimensions include leadership: <ul style="list-style-type: none"> • Within Investment Group • Trustees • CalPERS • External Investment Community | From Schedule |
| 5% | Manager Monitoring Process | Recommend and implement enhancements to streamline the manager monitoring process, incorporating FactSet software or similar product by June 30, 2007. | From Schedule |
| 5% | Manager Development Program (MDP) II Managers | Select at least two MDP II managers by June 30, 2007 | From Schedule |
| 5% | Manager Development Program (MDP) II Partners | Negotiate fees and legal agreements for an additional MDP II Advisor by June 30, 2007 | From Schedule |
| 30% | Subtotal | Qualitative Measures | |
| 100% | Total | Quantitative & Qualitative Measures | |

Supervisor's Approval: Original signed by Russell Read

Date: August 1, 2006